

TESTIMONY

Of

ANTHONY J. PRINCIPI

FORMER CHAIRMAN, 2005 BASE RELIGNMENT AND CLOSURE COMMISSION

BEFORE THE

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS AND
EMERGENCY MANAGEMENT, HOUSE COMMITTEE ON TRANSPORTATION AND
INFRASTRUCTURE

RAYBURN HOUSE OFFICE BUILDING, ROOM 2167

THURSDAY, MAY 12, 2011

Good morning Chairman Denham, Ranking Member Holmes Norton and members of the Subcommittee. I welcome your invitation to comment on your introduced legislation H.R. 1734, the Civilian Property Realignment Act. In my view, your legislation improves considerably on the Administration's initial proposal.

When I appeared before this Committee on April 6th, I recommended several changes to the Administration's proposal to establish a Civilian Property Realignment Act. I am gratified to note that a number of those recommendations are included in H.R. 1734. For one, the legislation establishes a Commission vice a Board, expands the number of members on the Commission to nine vice seven, calls on the President to name individuals to the Commission in consultation with the leadership of the House and Senate and requires Senate confirmation. Further, the legislation holds the President and not the Director of the Office of Management and Budget

rightfully accountable for the review and submission of Commission recommendations. In my view, these steps will bring greater independence to the Commission and more transparency to the process. As I indicated at the April 6th hearing, independence and transparency are the sine qua non to the success of the process.

You have requested that I review your legislation and provide additional comments and recommendations. I have very few.

Section 11 calls for the establishment of "standards and criteria" and outlines nine principles upon which to develop criteria. It is not clear to me if there is a difference between "standards" and "criteria" and, in the absence of term definitions, I would recommend that the term "standards" be defined or deleted. I applaud the nine principles and would suggest that they be established in law as the criteria against which federal agencies and the Commission must evaluate each facility for disposition. I cannot overemphasize the

importance of criteria independently established and implemented.

Section 12 outlines the duties of the Commission. While the legislative language infers that the Commission utilize criteria, it is not clear how the Commission would utilize that criteria.

In the Base Realignment and Closure Act of 1990, the BRAC Commission, in weighing each recommendation submitted by the Defense Department, is required to explicitly state whether the Department deviated from any of eight criteria and point out the criteria deviated before making its recommendation. I therefore propose that the language in Section 12 be tightened to more clearly define the role of criteria in Commission deliberations.

Finally, I would suggest again the importance of the accounting of the real savings to taxpayers generated by the entire process. For the 2005 BRAC, the Defense Department utilized an accounting system that estimated savings by closure and

realignments of nearly \$47 billion over 20 years. According to the GAO, that savings estimate has now declined to less than \$13 billion primarily due to vastly underestimated implementation costs. I would urge that the GAO be required to track and report to the Congress periodically on Civilian Property Realignment costs and savings.

Finally, I note that Section 15 provides that implementation of the Commission's Recommendations are to be undertaken pursuant to existing authorities available to GSA and the federal agencies. While the legislation mandates that all recommended actions be completed no later than the end of a six-year period, the legislation leaves the ultimate action an open question. In order to ensure prompt implementation of the recommended actions and the disposal of such properties in a manner that will generate the most revenue to the Government and in order to avoid "fire sale" disposals, the legislation should specifically enable the disposing authority

with the ability to enter into ground leases, sale-leasebacks, lease-leasebacks, or other arrangements pending ultimate implementation of the Commission's Recommendations. As you know, the need for swift disposal of non-performing assets was recognized and well managed during the Savings and Loan crisis in the late 1980s and early 1990s with the establishment of the Resolution Trust Corporation which I believe could be used as a model for this undertaking. Finally, with respect to Section 20, in order to avoid potential confusion with respect to leasing authorities that some federal agencies currently possess, I recommend that subsection (a) be modified so as to recognize those authorities as not being affected.

Thank you, Mr. Chairman. I am prepared to respond to any questions.

Anthony J. Principi

During his four-year tenure (2001-2005) as Secretary of the U.S. Department of Veterans Affairs, New York-born Anthony J. Principi directed the federal government's second largest department, responsible for a nationwide system of health care services, benefits programs, and national cemeteries for America's 25-million living veterans and dependents. Commanding a budget in excess of \$71 billion, Mr. Principi led an organization of 230,000 employees in hundreds of VA medical centers, clinics, benefits offices, and national cemeteries throughout the country.

Mr. Principi is a 1967 graduate of the U.S. Naval Academy at Annapolis, Md., and first saw active duty aboard the destroyer USS Joseph P. Kennedy. He later commanded a River Patrol Unit in Vietnam's Mekong Delta. During his service in Southeast Asia, Mr. Principi was awarded the Bronze Star with combat "V" for valor and several other military decorations for valor.

Upon returning from Vietnam, Mr. Principi earned his law degree from Seton Hall University in 1975 and was assigned to the Navy's Judge Advocate General Corps in San Diego, Calif. In 1980, he was transferred to Washington D.C. as a legislative counsel for the Department of the Navy.

From 1984 to 1988, he served as Republican chief counsel and staff director of the Senate Committee on Veterans' Affairs, following three years as counsel to the chairman of the Senate Armed Services Committee.

Mr. Principi served as Deputy Secretary of Veterans Affairs, VA's second-highest executive position, from March 17, 1989, to September 26, 1992, when he was named Acting Secretary of Veterans Affairs by President George H.W. Bush. He served in that position until January 1993. Following that appointment, he served as Republican chief counsel and staff director of the Senate Committee on Armed Services.

Mr. Principi was chairman of the Commission on Service members and Veterans Transition Assistance established by Congress in 1996.

Mr. Principi was nominated by President George W. Bush on December 29, 2000, and was confirmed by the Senate on January 23, 2001 to serve as Secretary of Veterans Affairs...

Prior to his nomination as Secretary of Veterans Affairs, Mr. Principi was senior vice president at Lockheed Martin IMS, and a partner in the San Diego law firm of Luce, Forward, Hamilton & Scripps.

Mr. Principi was appointed by President George W. Bush to chair the 2005 military Base Realignment and Closure Commission (BRAC). The Commission was responsible for recommending to the President and Congress the realignment and closure of military installations throughout the United States.

Mr. Principi is a Senior Vice President of Pfizer, Inc. and Executive Chairman of QTC Management, Inc., the nation's largest provider of disability medical evaluations. He serves on the Boards of Mutual of Omaha Insurance Company, A.T. Kearney, PSDS and Wounded Warrior Project.

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
Truth in Testimony Disclosure

Pursuant to clause 2(g)(5) of House Rule XI, in the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include: (1) a curriculum vitae; and (2) a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by an entity represented by the witness. Such statements, with appropriate redaction to protect the privacy of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

(1) Name:

ANTHONY J. PRINCIPAL

(2) Other than yourself, name of entity you are representing:

NONE

(3) Are you testifying on behalf of an entity other than a Government (federal, state, local) entity?

YES

If yes, please provide the information requested below and attach your curriculum vitae.

NO

(4) Please list the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by you or by the entity you are representing:

Signature

Anthony J. Principal

Date

5/10/11